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# Collaborative diagnosis of the coffee Supply-chain

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## Proposals from the Technical Assistance Group

GTC Second Meeting

19th January 2007

# Objectives of GTC Commission n°2

- ◆ To supervise the collaborative diagnostic study of the coffee value chain
- ◆ This diagnosis will be a basis for elaboration of the national policy for development of the Lao coffee value chain:
  - in the short,
  - medium,
  - and long term.

# GTC Commission n°2 Members

- M Kethkèo Phouangphèt  
Director of Technical Division, DA, MAF
- M Bounsi  
Representative of producers, Chansavang village, Champassak Province
- M Bounlèo  
Representative of producers, Phokhèm village, Saravane Province
- Mrs Leuang Litdang  
CEO, Dao-Heuang Import-Export Company, Consultor of Lao Coffee Association
- M Thongkham Phanthalay  
Member of the Board, Lao Coffee Association
- M Khamsène Inthalaphet  
Deputy Director of PAFO, Saravane
- M Chansamone Sisaath  
Product Promotion Department, Ministry of Commerce and Industry
- M Bounliep Chounthavong  
Director, Point d'Application des Bolovens

# Collaborative analysis

- ◆ WHY a collaborative study ?
  - To build among government, producers, roasters, traders and exporters, a common understanding of
    - the current mechanisms
  - And to build a common vision of:
    - the strengths and weaknesses
    - Areas for improvement
  - The process is AS important as the data collection and analysis ..
- .. because the goal is to lay the foundation for the future Lao National Coffee Council

# Collaborative analysis

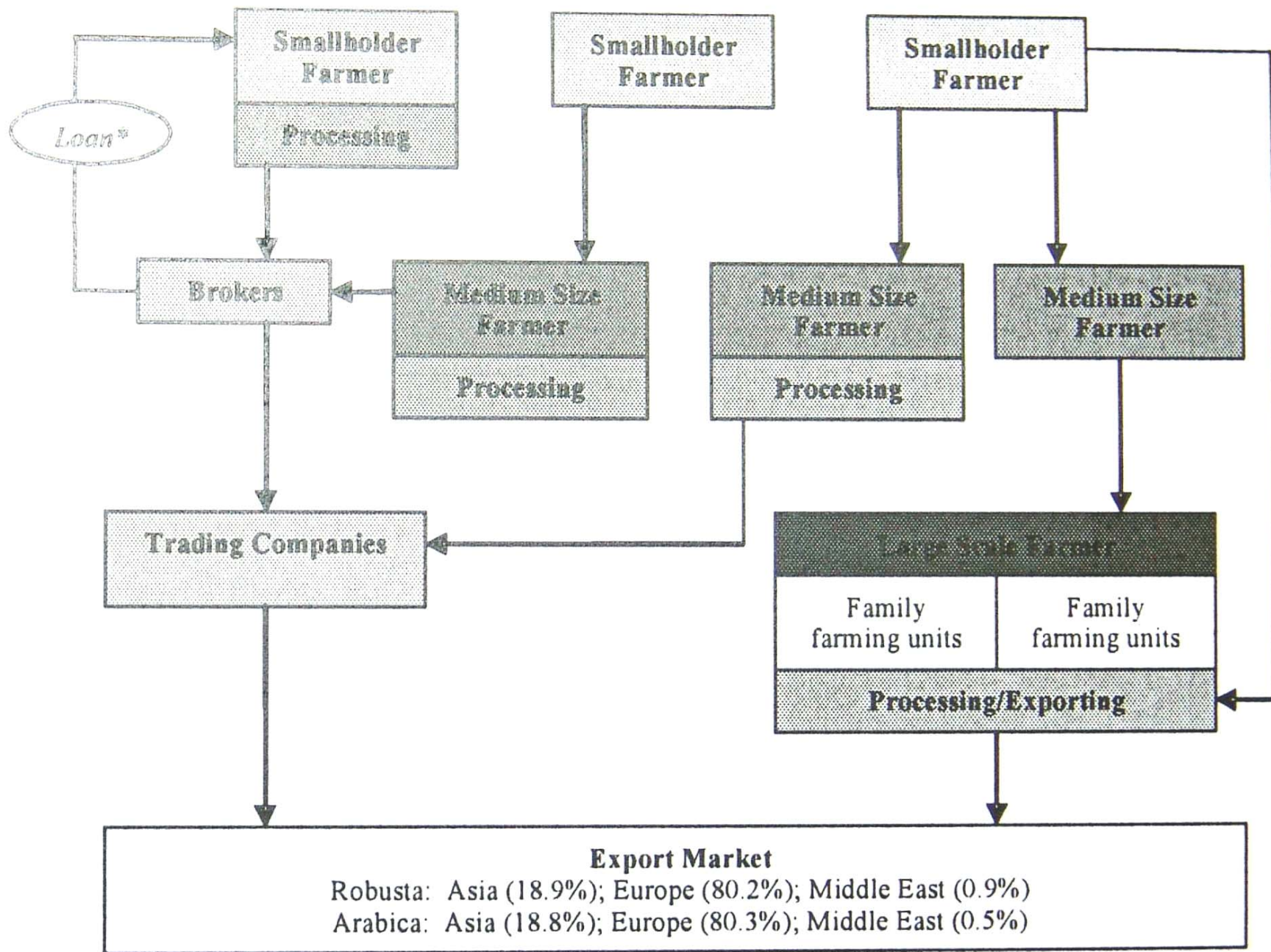
- ◆ WHAT is a collaborative study ?
  - It is a free discussion of issues, problems and solutions by all members
  - A study with the participation in data collection and analysis by all members
  - A consensus on the conclusions by all members
  - In this process everybody is equal

# Technical assistance team

- ◆ To assist Commission n°2, a Technical Assistance Team has been set up:
  - Technical Assistant of UC-PCADR, Mr Steven Shepley
  - 1 person of UC-PCADR, Mr Phouthanousone Meuansithida
  - 1 professor of National Faculty of Agriculture, Nabong campus: Ms. Chitpasong Kousonsavath
  - GTC Assistant: Ms Phonpaseuth Mahavong
  - Technical assistant of PAB, Mr Bertrand Sallee
  - Supported by food chain analysis expert: M Denis Sautier

# Analysis of agrofood supply chains

- ◆ Food circulation = a chain
- ◆ If one link is weak, then the whole chain is weak.
- ◆ Understand the relations. Example:





# Definitions

- ◆ Supply chain :
  - « the set of **economic actors and of their relations**, that contribute to the **production, processing, distribution and consumption** of a produce » (Fabre, 1996)
- ◆ Its identification sheds light on the economic players, the processing and trading operations, the formation of the prices, the strategies to improve market access.



## « 5 main STEPS »

for the coffee chain collaborative study :



- ◆ Step 1 : National analysis
- ◆ Step 2 : Linkages with international markets
- ◆ Step 3 : Structure of the chain
- ◆ Step 4 : Operation of the chain
- ◆ Step 5 : Interpretation of the results

# 1 – National analysis

## ◆ Objectives

- To understand the trends in national market organisation and consumption

## ◆ Data collection:

- Roasters
- Coffee retailers
- Consumers
- National regulations

## 2 – Linkages with international markets

### ◆ Objectives:

- To understand the limitations and potential of Lao coffee on the international markets

### ◆ Data collection:

- Export statistics
- Importers' survey
- Exportation regulations, procedures, costs ..
- Future evolution :
  - Standards, WTO, world market trends, infrastructure..

# 3 – Structure of the chain

## ◆ Objectives:

- To understand the chain, step-by-step

## ◆ Data collection with each type of player:

- Input providers
- Processers
- Exporters
- Out of border operations and buyers :
  - Vietnam
  - Thailand
  - Europe , etc
- Producers
- Transporters and collectors

## 4 - Operation of the chain

### ◆ Designing the map of the chain:

- Circulation of products
- Prices
- Circulation of money
- Circulation of information

# 5 - Interpretation of the results

- Sources of improvement ?
- Strengths ?
- Weaknesses ?
- Value addition potential ?
- Simulations of possible changes

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# Conclusion

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- ◆ Let us begin with the first step
- ◆ National market analysis
- ◆ With participation of
  - Roasters
  - Ministry of commerce, National Chamber of Commerce, STEA and Provinces
  - Will be in contact with Technical Assistance Group